

(continued from inside pages)

eyes to the workings of the economy and to the opportunities that still exist for the successful utilization of this information.

The laconic Calvin Coolidge never said this aphorism (Francis Bacon is credited with it) but he could have, for it well suits his famous Yankee frugality in the use of words:

"Knowledge is power."

About the Author:

Albert L. Kraus, editor of the *Daily* and *Weekly Bond Buyer*, a leading Wall Street publication since 1891, was formerly assistant financial and business editor of *The New York Times* and editor of that newspaper's Sunday financial section. Born in New York City, he has a Bachelor's degree from Queens College and a Master's degree in journalism from Columbia University. In 1954 and 1955 he was a Nieman fellow at Harvard University.

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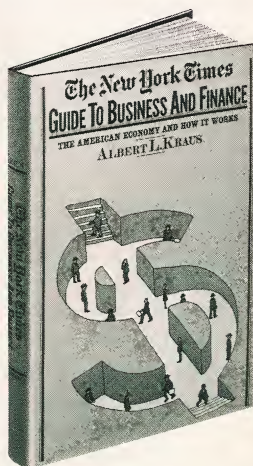
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The New York Times GUIDE TO BUSINESS AND FINANCE

THE AMERICAN ECONOMY AND HOW IT WORKS



A Special Selection

"The business of America is business."

Although the world has changed much in the almost half century since taciturn President Calvin Coolidge uttered these words which epitomized his administration's attitude toward the business community, the basic fact remains that the business of America is business—big business, bigger business (the conglomerates), small business, big labor (which is now indeed a business), and big government (in addition to establishing itself as the supreme arbiter of what is right and wrong in business, government also happens to be both the nation's biggest customer and its biggest employer).

But how much do you really know about the *business* of business? Are you familiar in even a general way with its scope, effect, practices, productivity, profitability, or regulation? Can you answer more specific questions, questions like: How do the futures markets work? What connection is there between balance of payments and inflation? Who or what is Fanny May? In what ways are small businesses more stable than large ones?

For most persons—those outside the world of business and finance as well as many within it—the answers to questions like these have always been a mystery. THE NEW YORK TIMES GUIDE TO BUSINESS AND FINANCE is a new and authoritative book which can provide the average reader with a fundamental knowledge of the workings of the world of business and finance. From wheat subsidies to stock issues, from real estate to the making of the national budget, you'll get interesting, practical information and an inside look at the operation of the American economy, all described in an easy-reading style by Albert L. Kraus, a former *New York Times* financial editor.

If you are one of those people who have always been puzzled by the intricacies of economics, THE NEW YORK TIMES GUIDE TO BUSINESS AND FINANCE can change all that in one sitting. You'll learn about everything from the vagaries of the women's apparel market to how next year's car is born—and the secrecy that attends it from conception to birth. This unusual book will literally take the mystery out of balance sheets and income statements and will enable you to make sense out of any corporation's annual report. And it will show you the bottomless pit that military spending has represented in the nation's economy. For example, in only four periods in the country's history have military outlays fallen below 40 percent of total federal expenditures; during wars they have zoomed as high as 90 percent.

Money, that ever-elusive commodity for so many of us is more abstract than many would have suspected. Three dollars out of every four consists not of bills or coins but as deposits in checking accounts in the nation's thirteen thousand commercial banks. By the end of this century, money may largely exist as bits of data in the magnetic memories of a network of electronic digital computers.

THE NEW YORK TIMES GUIDE TO BUSINESS AND FINANCE explains the role of government as a regulator—of monetary policy, in antitrust actions, through the ICC, the FTC, and the SEC. Take the Federal Open Market Committee, for example. The chances are that you've never heard of it but, according to the author, it is without a doubt one of the most powerful bodies in the country. Its secret monthly meetings in Washington actually govern the course of future monetary policy. In a remarkably lucid presentation of a heretofore abstruse

How Big Is Big Business?

General Motors, the biggest of the big, in 1969 had gross sales of \$24.3 billion—equal to the gross national product of the Netherlands and topping the total output of all but the seventeen largest industrial nations. The next three large corporations—AT&T, Standard Oil (New Jersey) and the Ford Motor Company—each had revenues of \$15 to \$17 billion, an amount that together equalled the gross national income of all the farmers in the United States.

Bigness is a synonym for manufacturing. All but six of the twenty-five largest corporations were manufacturers. Of the exceptions, one was the telephone company and the remainder were merchandisers. Interestingly, although we often associate bigness and finance, only nine of the 170 corporations which had revenues of more than \$1 billion were financial corporations such as banks, insurance companies and finance companies.

Some idea of the importance of the automobile to the American economy may be gleaned from this statistic: General Motors is not only the world's largest automobile company, it is five of the world's largest automobile companies. In addition, it is also a major appliance manufacturer, the nation's largest builder of railroad locomotives, and its biggest producer of trucks and buses.

Much the same thing can be said about other large corporations. AT&T is not only the country's biggest communications company, but thanks to its manufacturing subsidiary, Western Electric, it is also a major defense contractor for electronics equipment. Philco bears a similar relationship to Ford, as do their petrochemical subsidiaries to the major oil companies. Sears, Roebuck, because of its Allstate Insurance Company, ranks as a financial as well as a retail giant.

subject, Mr. Kraus explains the methods by which currency reserves are controlled and interest rates and discount rates are set by the Federal Reserve System.

A major portion of THE NEW YORK TIMES GUIDE TO BUSINESS AND FINANCE is devoted to stocks, bonds, mutual funds, commodities futures, foreign trade, and foreign exchange. You'll learn what the rules of the game are for each, the various exchanges where the game is played, and what is being done to keep the game honest. But make no mistake about it, this is no dry-as-dust textbook presentation. Instead, the author takes you behind the scenes of each operation in a personally conducted tour, offering informal comment about little-known details. For example, no over-the-counter stock trader ever says "Okay" or "All right" to a customer, but specifies "You bought (or "you sold") so many shares of such-and-such stock at such-and-such price." And the number "fifty" is never used in trader conversations. To avoid confusion with "fifteen," it is always "half a hundred."

THE NEW YORK TIMES GUIDE TO BUSINESS AND FINANCE will not make you a plunger or a wheeler-dealer. It will, however, help you to understand more clearly what you read in your daily paper, and may even make the financial section interesting reading. It will give new significance to national and international crises, like devaluation and "floating" currencies. And it can open your

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